

Message Text

UNCLASSIFIED

PAGE 01 ST JOH 00058 022135Z

70

ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 FEA-01 PA-02

PRS-01 /118 W

----- 093971

R 282155Z FEB 76 ZDK CITE RUEHCS SVC

FM AMCONSUL ST JOHNS

TO SECSTATE WASHDC 1346

INFO AMEMBASSY OTTAWA

AMEMBASSY TOKYO

AMEMBASSY LONDON

UNCLAS ST JOHNS 0058

E.O. 11652 N/A

TAGS EAIR ECEM EFIN ENRG CA UK JA

SUBJECT COME BY CHANCE REFINERY ORDERED SHUT DOWN

REF STJOHNS 048

1. LOCAL PRESS REPORTS STATE THAT UK'S EXPORT CREDIT
GUARANTEES
HAS APPOINTED ST. JOHN'S CHARTERED ACCOUNTING
FIRM OF CLARKSON GORDON AND CO. AS RECEIVER UNDER FIRST
MORTGAGE OF NFLD'S FINANCIALLY-TROUBLED COME BY CHANCE OIL
REFINERY AND HAS ORDERED REFINERY SHUT DOWN AND MOTHBALLED
SOONEST. PROVINCIAL GOVT SOURCE SAID LAYOFF NOTICES WENT
TO WORKERS FEB 27 AND THAT SHUTTING DOWN OF REFINERY
BEGAN FEB 28.

2. ECGD ACTION FOLLOWS SERVICE OF NOTICE ON REFINERY
ABOUT 2 WEEKS AGO WHICH GAVE REFINING COMPANY 10 DAYS TO
SHOW ITSELF SOLVENT OR GO INTO RECEIVERSHIP. NFLD GOVT
HAS REPORTEDLY TAKEN SIMILAR ACTION UNDER ITS SECOND
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MORTGAGE.

3. IT ESTIMATED THAT SHUT-DOWN WILL TAKE FROM 6 TO 8 WEEKS TO ACCOMPLISH AND WILL INVOLVE RE-HIRING APPROX 200 OF APPROX 500 WORKERS LAID OFF. A FEW OF THOSE RE-HIRED ARE EXPECTED TO BE RETAINED ON PAYROLL FOR CONTINUING MAINTENANCE.

4. COMMENT: ALTHOUGH SKIES OVER COME BY CHANCE ARE BLACK WITH JOHN SHAHEEN'S CHICKENS COMING HOME TO ROOST, HE AND HIS SPOKESMEN SEEM TO BE TRYING TO TOUGH IT OUT AT THEIR NYC HEADQUARTERS. THEY ARE ALTERNATING ON THE ONE HAND BETWEEN BLAND DISCLAIMERS OF INSOLVENCY, ALONG WITH REFUSALS TO COMMENT ON SPECIFIC ALLEGATIONS, AND, ON OTHER HAND, ARE SUING OR THREATENING TO SUE ANY CREDITOR WITH TEMERITY TO SEEK A LITTLE JUDICIAL PROTECTION FOR THE MONEY HE PUT OUT ON LOAN. BELIEF AMONG CREDITORS SEEMS TO BE THAT SHAHEEN'S TACTICS ARE MOVES OF A DESPERATE MAN AND THAT PUT-UP-OR-SHUT-UP SESSION IN NFLD SUPREME COURT ON MAR 8 WILL REVEAL EMPTINESS OF BOTH HIS CLAIMS AND HIS THREATS.
MOORE

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04 MAY 2006

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TAGS: EAIR, ECEM, EFIN, ENRG, CA, UK, JA
To: SECSTATE WASHDC OTTAWA TOKYO LONDON
Type: TE
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